Impact of the Country of Origin on Pharmaceutical Products in the Albanian Market

Irma Shyle

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Abstract: Country image is essential as a country of origin information in marketplaces, especially for pharmaceutical products in developing countries. The origin of the products is used as a surrogate indicator for quality and safety. The pharmaceutical sector in Albania continues to be a developing sector, yet, locally produced products, while growing recently, continue to occupy and supply a small share of the total market. Imports dominate the Albanian drug market, and the country’s most notable international brands exist. The study aimed to analyze the impact of the country of origin on the decision to purchase medicaments from the pharmaceutical sector in Albania and also to highlight the most critical factors affecting the impact of the country of origin on the choice of pharmaceutical products. Two hundred pharmacists, doctors, and chemists participated in the study. The results show that the country of origin is essential in assisting pharmacists in purchasing. The pharmacist’s decision is driven mainly by the higher customer demand to purchase the country of origin at a premium due to their low information on the product. The latter leads to selecting the best and most effective medicaments from countries perceived to have high quality.

1. INTRODUCTION

In the selection process, consumers are focused not only on the price and quality but also on other factors such as the country of origin. Studies have shown that the “Made in” label is very important for the consumer when evaluating products. Consumers may use a country’s reputation to predict the quality of products (Lusk et al., 2006; Dawar & Parker, 1994; Aichner et al., 2017).

The definition of the country of origin has several influential variables on consumer behavior and consumer perception of product quality. Although we are aware that a product does not belong to a particular country only, because there are factors and resources, international supplies that take part in its production, again we accept that a product is identified with that of the country of production (Sivakumar, 2009).

Apart from the well-known fact that the country of origin is the country where a certain product or brand is produced, there are different definitions in different literature. Hence, the country of origin is the photo, reputation, or stereotype that businessmen or consumers attach to the products of a particular country (Nagashima, 1970); the country of the headquarters of the company dealing with the marketing of the product or brand (Johansson et al., 1985); the country of production or the country of assembly (Al-Sulaiti & Baker, 1998); the factor that reflects a general consumer perception of the quality of products made in a given country and the nature of the people from that country (Knight & Calantone, 2000); the country of design, the country of assembly and the country of constituent parts (Insch & McBride, 2004).
Due to globalization, many companies located in developing countries have started to relocate their production bases to developing countries for cheaper production costs using raw materials and labor in the country. Companies are now using more than one country to produce their goods. Fournier (1998) declared that country of origin relates a product to national identity, which can result in a strong emotional connection to certain brands and products.

Pharmaceutical products are products, and drugs that are used for diagnosis, cure, treatment and prevention of various human diseases. Pharmaceutical products concerning the impact that country of origin has, are the least studied products in Albania. Exactly this study aims to determine the level of influence of the country of origin factor on pharmacies and consumers in the process of selecting pharmaceutical products. What is the “country of origin” of a pharmaceutical product? Companies that manufacture medicines and medical devices deal with this question whenever they name a product, import it, export it, trade it, or sell it to the relevant government of a given state. The origin of a product is apparent when all the materials and labor used to produce a product originate in one country. However, this is not economically feasible or even possible. Although there are numerous studies in the field of medicine and pharmaceuticals, studies on the impact that the country of origin has in this field are lacking. For this reason, the literature on this is not very extensive. In fact, the “manufacturer’s place of business” is often located in a country that is different from the “country of origin” marked in order to have all the information about the product. According to FDA (Food and Drug Administration) regulations: If a person manufactures, packs, or distributes a drug product in a country other than their principal place of business, the label may state the principal place of business instead of the actual country where a drug or drug product is either manufactured or packaged or distributed, otherwise it would be misleading. According to Aaker (1996), a product’s country-of-origin image influences the product’s perceived quality, affecting perceptions about functional attributes, such as reliability, safety, or performance as well as the brand image of the product.

In 2018, Albania had an average of 86 pharmacists per 100 thousand inhabitants, 2 more than the average of European Union countries, according to data on the number of pharmacists by the order of Pharmacists and INSTAT for the population (INSTAT 2018). Imports dominate the Albanian drug market and most of the major international brands are present in the country. Locally produced products, while growing recently, continue to occupy and supply a small share of the total market. In 2018, domestic production accounted for about 10% of the market and imports for pharmaceutical products, amounted to $ 220 million.

2. LITERATURE REVIEW

The information about the country of origin is used by consumers in order to evaluate products and their quality. Many consumers think that the “Made in” label means that a product is either “superior” or “inferior” depending on the perception of the country (Mohd Yasin et al., 2007). Meanwhile, further research suggests that the country of origin has symbolic and emotional meaning for consumers and may be related to feelings of national identity. The country of origin of the products is an influential factor in consumer perceptions and this in turn leads consumers to cognitive processing (Pappu et al., 2006). Studies reveal that consumers view products coming from underdeveloped countries with indifference (Lee & Lee, 2009). Products from countries with a favorable image usually reveal that they are more easily accepted than products from countries with a less favorable image (Mohd Yasin et al., 2007). Meanwhile, the findings further revealed that when consumers are unfamiliar with a country’s product, they will use the
country’s image as a product rating. This assumes that consumers’ product perception derives from beliefs and perceptions about the country from which a product originates. If the perceived country image of the country of production is perceived negatively, then there will be a negative impact on brand trust (Vo et al., 2022). Kumura and Canhua (2010) found that the image of the country is one of the most important phenomena that affects the ratings of foreign products as well. Consumers are constantly dealing with a variety of product information that they receive through branding, packaging, advertising and other channels (Ahmed et al., 2005). Yagci (2001) suggested that if a consumer is aware of a country's image of a product, the image will be used to generate a match between the country and the product category. A consumer who does not have concrete information about a product will use the image of the country to perceive the quality of a product (Ahmed et al., 2005). Consumers generally base their views on product brands and attributes as a result of the image of the country of origin of these products (Trang et al., 2013). The country of origin plays an important role with regard to product evaluation by consumers (Tung, 2012). Vo et al. (2022) in their study have a purpose to assess the impact of the nation of origin on brand trust, using Vietnam as a case study for India's COVID-19 vaccine. The findings of the study show that the country of origin has a significant impact on brand trust in Vietnam. However, also strong brands can contribute to the image of the country (Karimov & El-Murad, 2019). There is a growing belief among pharmaceutical product consumers that the actual performance of drugs and other medical products is usually based on the country of origin of the products. Extreme signs, such as brand name and country of origin, affect how buyers perceive products, since in the minds of consumers, products from some countries are perceived to have higher performance compared to products from other countries (Ahmed et al., 1995). Many consumers believe that the “made in” level means that a product is superior or "inferior depending on their perception of the country of origin (Mohd Yasin et al., 2007; Šapić et al., 2021; Karimov & El-Murad, 2019). The prior research suggested that the country of origin and the quality of products have a positive relationship (Lo, 2012).

3. METHODOLOGY

The study aimed to analyze the impact of the country of origin on the decision to purchase medicaments from the pharmaceutical sector in Albania and also to highlight the most critical factors affecting the impact of the country of origin on the choice of pharmaceutical products. The sample of this study consists of hospital and community pharmacy pharmacists. This study was conducted in Tirana in the period February-April 2021. The sample number was 200 pharmacists, doctors, and chemists. The survey method was selected for data collection. It is one of the most effective means of gathering information when it comes to field study. Closed-ended questions and a small number of open-ended questions were used for the structure of the questionnaire. The open-ended questions were included in order to better understand the behavior of pharmacists toward their choices. There was sufficient space in the open-ended questions where the respondents could express their opinions. For the answers that were collected from the questionnaires in the field, the data processing was performed through the SPSS statistical program.

4. DATA ANALYSIS

A total of 200 professionals engaged in the pharmaceutical business were included in the study. It included doctors, pharmacists and chemists. The majority of respondents were pharmacists (63%), 33% were chemists and 5% were doctors. This indicates that the sample was relevant, thus they provide information on the “country of origin” factor and its impact on the
pharmaceutical business in the context of the study. The gender and age distribution of the people who participated in the study further shows that the mix of female and male professionals is more or less balanced.

Table 1. Demographic data

<table>
<thead>
<tr>
<th>Demographic data</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gender</strong></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>54</td>
</tr>
<tr>
<td>Female</td>
<td>46</td>
</tr>
<tr>
<td><strong>Age</strong></td>
<td></td>
</tr>
<tr>
<td>20-30</td>
<td>35.5</td>
</tr>
<tr>
<td>31-40</td>
<td>18</td>
</tr>
<tr>
<td>41-50</td>
<td>33.5</td>
</tr>
<tr>
<td>51-60</td>
<td>11</td>
</tr>
<tr>
<td>+ 61</td>
<td>2</td>
</tr>
</tbody>
</table>

Source: Author

About 92% of the respondents reported that they always want to know which country the products they choose are imported from. For 92% of respondents knowing the country of origin is very important and for 8% the origin is not so important. They say that they want to associate every drug they buy with a patent which shows exactly where the drugs are produced and which trading company made them.

The perceptions created among Albanian consumers for a series of products are that foreign products are of better quality than domestic ones, where 83% considered foreign drugs of better quality than domestic ones and only 17% of respondents considered domestic production of drugs as a choice in their purchases. Hence, 83% emphasized that their choice for medicines is always foreign production, although they mentioned that in some cases, they are obliged because of their consumers to choose local products due to the lower price of medicines produced in the country. Nevertheless, what was noticed was that all respondents thought that if in Albania this industry were at the right standards, they would support domestic production.

The only thing that keeps pharmacists connected to locally produced drugs is the price, and the quality of the drugs is viewed with great skepticism. According to them, local medicines are an alternative to purchase but it is not the best quality alternative.

About 85% of study participants reported that they chose a brand of a drug, that they perceived to have a high quality. This shows that quality is taken into consideration when deciding on choosing the brand. A good reflection of this is shown by the fact that 74% of respondents say they choose a brand that is produced by an innovative pharmaceutical company. Moreover, 54% reported choosing a brand of a drug that is manufactured in Europe while about 30% say they chose a brand of a drug that is manufactured in America. On the contrary, only 13% of respondents indicated that they chose a brand of a drug produced in Albania and 3% chose a drug produced in Asia.

Not only the respondents but also the consumers have created the idea for several years now that every product of every category if it is of foreign origin, is of high quality. This is based on the fact that the domestic industry is at not high standards. Respondents to this study also had certain reserved opinions regarding domestic production in every industry, not only in the pharmaceutical industry.
In this study, high price was considered as a signal for high quality. The majority (54%) reported that the ability to afford prices affects them. Likewise, about 36% said they consider the low price as their priority when choosing drugs. The percentage of those who reported choosing a high-priced medicine, because they believe it is of the best quality, was 13%, and according to them, often imported products are medicines that have a high price.

From the consumer’s point of view, price is the sacrifice to get a product. Hence, consumers undergo a cognitive or rational decision-making model to reach the perceived value of a product. They reported that they will choose a high-priced medicine because they believe it is of better quality and especially because the product is from a foreign country. Such stereotypes give imports a great priority over domestic production. About 67% of respondents would buy high-priced drugs given the fact that they may be of foreign origin.

When a drug is selected, one of the first things to consider is why the product is used. But during the selection, they start with a target and know very well what medicine they are looking for and what it is used for. This makes this factor not very important when selecting because they start the definition of what they want by describing that they are looking for a medicine that helps and is used for this reason. In each industry, knowledge about the use of the product is obtained in detail by the seller. But in the field of pharmaceutical industry traders of products of this field should know well what they ask for.

It is noticed during the study of the literature that different foreign countries can produce drugs with the same use and in this case other selective factors will come into play as ranked by the answers as the most important, the “country of origin” factor. But who are the influencers and the points on which the product selections and their country of origin are based?

The perception created about the country of origin of products plays a critical role in consumers’ decision to buy. Pharmacists say that when their customers want to buy a medicine, in addition to the price, they also ask about the country of origin. Regular customers have helped pharmacies get some sort of orientation and know what and where to look for a particular product in a particular country of origin.

Customers’ perception of pharmaceutical products, based on the country of origin, is that medicines produced in Albania are inferior to foreign medicines. Getting to know customers helps pharmacists get valuable messages and about 38% of them say that they take into account customer feedback when it comes to the pharmaceutical industry in Albania. According to consumers, the reasons for this include the fact that the materials used in production are of lower quality compared to the materials used by foreign counterparts. Moreover, the manufacturers of medicines in the country try to secure profit from the materials used in the production of medicines, compromising their quality and efficiency.

From the data of the study, it resulted that, consumers have the perception that Albanian medicines are of an inferior quality compared to pharmaceutical products from foreign countries, and are also less effective. 63% of the surveyed pharmacists involved in this study, being well acquainted with the field of industry, say that in domestic production, the production of medicines is in a limited number, neither qualitative nor effective, making Albania inferior to the products produced outside the country. The remaining 37% (most of them in the third age) say that they also select local production, taking into account only the price.
Due to the frequent and high demand for foreign products and services especially in the pharmaceutical industries in recent times, locally produced medicines are not well advertised to attract the attention of consumers in society. Some believe that there is no need for advertising because this will lead to an increase in various costs. In addition, the laws in our country do not allow the advertising of pharmaceutical drugs, especially prescription drugs. Meanwhile, some respondents say that due to the low quality of drug production in the country, its widespread advertising would not have any significant impact.

Respondents emphasized that the high demand for locally produced pharmaceutical products would lead to building a strong corporate image, thus making the brands very favorable and competitive. However, there is a strong dissenting attitude on the part of some respondents and it is stressed that Albania cannot produce all the medicines that may be required.

Below, Table 2 presents the consumers’ perceptions. Some of the reasons that remain strong at the time of choosing purchases are as follows in the form of variables:

<table>
<thead>
<tr>
<th>Variables</th>
<th>Rate</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medicines produced in Albania are few in number.</td>
<td>46%</td>
<td>1.362</td>
</tr>
<tr>
<td>Medicines produced in Albania do not have high quality.</td>
<td>56%</td>
<td>1.501</td>
</tr>
<tr>
<td>Medicines produced in Albania are inferior compared to those produced abroad.</td>
<td>49%</td>
<td>1.398</td>
</tr>
<tr>
<td>It is prestige to buy medicines produced abroad (outside the country).</td>
<td>36%</td>
<td>1.145</td>
</tr>
<tr>
<td>All the reasons mentioned above.</td>
<td>54%</td>
<td>1.421</td>
</tr>
</tbody>
</table>

**Source:** Author

Definitely, there are locally produced medicines that are equally effective and have potential. Some of the respondents (46%) say that consumers tend to buy foreign medicines when there is no local substitute. As mentioned above in the data analysis, some of the determining factors for the choice of products based on the country of origin had a very influential role and the factor with the highest rate is “product knowledge and ease of obtaining information forwarded by the country of production in order to make the medicine more reliable”.

<table>
<thead>
<tr>
<th>Variables</th>
<th>Rate</th>
<th>Standard deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Policy of the country we import from</td>
<td>48</td>
<td>1.316</td>
</tr>
<tr>
<td>Culture</td>
<td>48</td>
<td>1.423</td>
</tr>
<tr>
<td>Economy</td>
<td>56</td>
<td>1.489</td>
</tr>
<tr>
<td>Technology</td>
<td>65</td>
<td>1.528</td>
</tr>
<tr>
<td>Image</td>
<td>43</td>
<td>1.421</td>
</tr>
<tr>
<td>Product Knowledge</td>
<td>75</td>
<td>1.555</td>
</tr>
<tr>
<td>Product experiences</td>
<td>38</td>
<td>1.011</td>
</tr>
</tbody>
</table>

**Source:** Author

85% of respondents say that it is very important to ask for the necessary information about any existing or new pharmaceutical product, especially for its country of origin and the name of the manufacturer of the medicines.

Often, the country-of-origin acts as a selective element from which consumers can make choices about a product based on their beliefs about the country of origin of the product (Verlegh & Steenkamp, 1999).
These respondents further highlighted that the search for relevant information about the country of origin for pharmaceutical products allows them to choose among the best alternatives, which leads to quality assurance and efficiency of pharmaceutical products. Moreover, information about the country of origin enables respondents to discover new pharmaceutical products from different countries with high and quality standards.

Nevertheless, other respondents have a different point of view and argue that searching for information only about the country of origin of pharmaceutical products is not enough as the information can sometimes be untrue.

Consumer knowledge about the country of origin of pharmaceutical products in Albania includes the fact that the person always seeks information about the origin when buying medicines that have a high risk of malfunction. Consumers in most cases have the perception that products from some countries are automatically of a higher quality, while those from some other countries are of lower or inferior quality. With consumer knowledge of the country of origin of pharmaceutical products in Albania, information on the country of origin of drugs determines the quality of the product with a rate of 85% of the response rate, and these rates of respondents are of the opinion that information on the country-of-origin serves as a guide to help them choose quality pharmaceutical products among all the other alternatives available. There is no denial of the fact that some countries tend to produce inferior medicines which do not meet the established international standards and distribute them in the market for consumption, so the available information can substantially help consumers to determine which products of the respective countries are of high quality before making the purchase decision. There are several countries known for producing a high-quality product, so consumers find it very easy and convenient to buy from such countries. Most often, there should be a main point or source where consumers of pharmaceutical products may quickly obtain relevant information about the efficacy and quality of medicines, and ultimately the country of origin is the most used source from which such information can be extracted.

With consumer knowledge of the country of origin of pharmaceutical products in Albania, necessary in order to buy a new drug, the country of origin is the first piece of information that consumers take into consideration. Consumers make judgments about the value of product information and actual performance, consumers can make suggestions such as a quality indicator, and then combine the judgments of all possible features in order to get an overall product rating (Jacoby, 2000) Respondents believe that the element that should be taken into account when requesting information about the quality of the pharmaceutical product is the country of origin, as some countries present a good image for high-quality products and consumers believe that quality is the main feature of these products. From the data of the study, according to the respondents, the countries that have high-quality and effective production of medicines are mostly European. Specifically, 68% of respondents emphasized that they would select and choose products only from European countries. The reasons for the choice are mentioned as follows:

1. Quality (32%),
2. Geographical proximity (6%),
3. Developed economy (20%),
4. Modern technology (30%),
5. Good image – reputation (12%).

Some respondents said that Europe has a favorable pricing system which makes the choices even easier. America ranks second in the choice of drugs by respondents. About 30% of them
admitted that America is the only country that can have high-quality products. The technology of the country has a very big impact as it is a factor that is taken into consideration during the production of medicines. Above all, the science of pharmacy in America made very big steps and therefore it is preferred to be one of the countries that may supply Albania with medicines. But the respondents logically approved that, American products are scarce in the market at the moment because there may be some hindering factors as follows hereunder:

1. Geographical distance brings an increase in costs leading directly to an increase in the purchase and sale price of drugs.
2. Innovative products are often improved and this leads again to increased costs. Even though innovative products should not be a hindrance, our market has difficulty in affording the price.
3. Medications from Europe are preferred over American medications. The image of Europe is more closely related to the Albanian market.

Medicines produced in Asian countries are almost never mentioned by respondents, with only 2% of them mentioning India. Although still a developing country, in the pharmaceutical industry India ranks first among Asian countries as a choice due to low prices by the respondents of this study.

5. CONCLUSION

Consumers and pharmacists in Albania perceive that medicines produced in the country are of inferior quality and less effective compared to pharmaceutical products from foreign countries. Searching for relevant information about the country of origin for pharmaceutical products allows them to choose among the best alternatives, which leads to quality assurance and efficiency of pharmaceutical products. In addition, locally produced medicines are not widely advertised.

The results generally show that the country of origin of pharmaceutical products plays an important role in helping pharmacists and consumers purchase pharmaceutical products, and in choosing the best and most effective medicines from countries that are perceived by consumers to have high-quality medicines. The country of origin serves as a means through which consumers of pharmaceutical products return to seek information about original and high-quality products for their consumption and further serves as a means to acquire information about countries offering highly competitive and result-oriented products or medicines for pharmacists as well.

Furthermore, information on the country of origin helps traders of pharmaceutical products (pharmacists) discover new medicines and brands to serve as an alternative or a substitute for the products that consumers already use.

The country of origin should always be considered before making a purchase decision as it provides reliable information for pharmacists and consumers of pharmaceutical products. The quality and standards of pharmaceutical products are best ascertained if the information of the country of origin is well known. Consumers of pharmaceutical products should always seek information about the country of origin when buying medicines that have a high risk. Consumer behavior must be effectively managed in order to address the complexity and dynamism of consumers.

It is recommended that further research be done on other variables of the country of origin, such as country image and prices of pharmaceutical products in order to determine their impact on the choice of pharmacists and consumers.
References


